

AMENDED IN SENATE AUGUST 12, 2008

AMENDED IN SENATE AUGUST 4, 2008

AMENDED IN SENATE JUNE 26, 2008

AMENDED IN SENATE JUNE 11, 2008

AMENDED IN ASSEMBLY JUNE 4, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

**ASSEMBLY BILL**

**No. 583**

---

---

**Introduced by Assembly Member Hancock**

**(Coauthors: Assembly Members Beall, Berg, Brownley, DeSaulnier, Eng, Evans, Hayashi, Huffman, Jones, Laird, Leno, Lieu, Ma, Mullin, Price, Saldana, Swanson, Torrico, and Wolk)**

(Coauthors: Senators Corbett, Kuehl, Migden, Oropeza, ~~and Perata~~  
*Perata, and Yee*)

February 21, 2007

---

---

*An act to add Chapter 7 (commencing with Section 20600) to Division 20 of the Elections Code, to add and repeal Chapter 12 (commencing with Section 91015) of Title 9 of, and to repeal Section 85300 of, the Government Code, and to add and repeal Article 8.6 (commencing with Section 18798) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to the Political Reform Act of 1974.*

LEGISLATIVE COUNSEL'S DIGEST

AB 583, as amended, Hancock. Political Reform Act of 1974: California Clean Money and Fair Elections Act of 2008.

(1) Under the Political Reform Act of 1974 a public officer is prohibited from expending or accepting any public moneys for the purpose of seeking elective office.

This bill would repeal that prohibition and would enact the California Clean Money and Fair Elections Act of 2008, which would authorize eligible candidates for Secretary of State to obtain public funds according to specified procedures and requirements, provided that certain thresholds are attained. The bill would impose primary responsibility for the administration of the provisions of the bill on the Fair Political Practices Commission. This bill would create the Clean Money Fund and, commencing January 1, 2011, would transfer ~~an annual amount~~ *funds* from the Clean Money Fund ~~to be continuously appropriated~~ to the Fair Political Practices Commission for the purpose of the public financing provisions of the act. The bill would also establish ~~a nonrefundable fee~~ *fees* to be imposed on lobbyists, *lobbying firms*, and lobbyist employers ~~who are required to file a registration statement and those~~. *The fees collected* are to be deposited, in part, in the Clean Money Fund. The bill would make funding for the administrative and enforcement costs of the act ~~subject to appropriation by the Legislature~~ *available from the Clean Money Fund. The bill would require that the available funds, for each 4-year election cycle, would be no more than 10% of the total amount deposited in the Clean Money Fund during the 4-year election cycle.* ~~It~~ The bill would repeal ~~its operative~~ *specified* provisions on January 1, ~~2015~~ 2019.

(2) Existing law, relating to the administration of personal income taxes, authorizes individual taxpayers to contribute amounts in excess of their tax liability for the support of specified funds or accounts.

This bill would additionally allow taxpayers to designate on their tax returns that a specified amount in excess of their tax liability be transferred to the Voters Clean and Fair Elections Fund, which would be created by this bill. The bill would provide that all moneys contributed to the fund pursuant to these provisions, upon appropriation by the Legislature, be allocated to the Franchise Tax Board and the Controller for reimbursement of costs and to the Fair Political Practices Commission, as specified.

The bill would provide that these voluntary contribution provisions are repealed on either January 1 of the 5th taxable year following the taxable year the fund first appears on the personal income tax return, or on January 1 of an earlier calendar year, if the Franchise Tax Board

estimates that the annual contribution amount will be less than \$250,000, or an adjusted amount for subsequent taxable years.

(3) The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act by a statute that becomes effective only when approved by the voters.

This bill would require the Secretary of State to submit those provisions of the act that amend the Political Reform Act of 1974 to the voters for approval at the June 8, 2010, statewide primary election.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Chapter 7 (commencing with Section 20600) is  
2 added to Division 20 of the Elections Code, to read:

3  
4 CHAPTER 7. CLEAN MONEY FUND  
5

6 20600. (a) Except as provided in subdivision (b),  
7 notwithstanding Section 86102 of the Government Code, (1) each  
8 lobbying firm, as defined by Section 82038.5 of the Government  
9 Code, (2) each lobbyist, as defined by Section 82039 of the  
10 Government Code, and (3) each lobbyist employer, as defined by  
11 Section 82039.5 of the Government Code, shall pay the Secretary  
12 of State a nonrefundable fee of seven hundred dollars (\$700) every  
13 two years. Twenty-five dollars (\$25) of each fee shall be deposited  
14 in the General Fund and used, when appropriated, for the purposes  
15 of Article 1 (commencing with Section 86100) of Chapter 6 of Title  
16 9 of the Government Code. The remaining amount of each fee shall  
17 be deposited in the Clean Money Fund established pursuant to  
18 Section 91133 of the Government Code. The fees in this section  
19 may be paid in even-numbered years when registrations are  
20 renewed pursuant to Section 86106 of the Government Code.

21 (b) Notwithstanding Section 86102 of the Government Code,  
22 subdivision (a) shall not apply to a tax-exempt organization under  
23 Section 501(c)(3) of Title 26 of the United States Code, and that  
24 organization, if required to file a registration statement under  
25 Section 86100 of the Government Code, shall pay a nonrefundable  
26 fee of fifty dollars (\$50) every two years and these funds shall be

1 *deposited in the Clean Money Fund established pursuant to Section*  
2 *91133 of the Government Code.*

3 *(c) The Secretary of State shall biennially adjust the amount of*  
4 *the fees collected pursuant to this section to reflect any increase*  
5 *or decrease in the Consumer Price Index.*

6 **SECTION 1.**

7 *SEC. 2.* Section 85300 of the Government Code is repealed.

8 ~~**SEC. 2.**~~

9 *SEC. 3.* Chapter 12 (commencing with Section 91015) is added  
10 to Title 9 of the Government Code, to read:

11  
12 **CHAPTER 12. CALIFORNIA CLEAN MONEY AND FAIR ELECTIONS**  
13 **ACT OF 2008**

14  
15 **Article 1. General**

16  
17 91015. This chapter shall be known and may be cited as the  
18 California Clean Money and Fair Elections Act of 2008.

19 91017. The people find and declare all of the following:

20 (a) The current campaign finance system burdens candidates  
21 with the incessant rigors of fundraising and thus decreases the time  
22 available to carry out their public responsibilities.

23 (b) The current campaign finance system diminishes the free  
24 speech rights of nonwealthy voters and candidates whose voices  
25 are drowned out by those who can afford to monopolize the arena  
26 of paid political communications.

27 (c) The current campaign finance system fuels the public  
28 perception of corruption at worst and conflict of interest at best  
29 and undermines public confidence in the democratic process and  
30 democratic institutions.

31 (d) Existing term limits place a greater demand on fundraising  
32 for the next election even for elected officials in safe seats.

33 (e) The current campaign finance system undermines the First  
34 Amendment right of voters and candidates to be heard in the  
35 political process, undermines the First Amendment right of voters  
36 to hear all candidates' speech, and undermines the core First  
37 Amendment value of open and robust debate in the political  
38 process.

39 ~~(f) In states where the clean money and clean election laws have~~  
40 ~~been enacted and used, election results show that more individuals,~~

1 ~~especially women and minorities, run as candidates and overall~~  
2 ~~campaign costs decrease.~~

3 91019. The people enact this chapter to establish a Clean  
4 Money pilot program in campaigns for the office of Secretary of  
5 State to accomplish the following purposes:

6 (a) To reduce the perception of influence of large contributions  
7 on the decisions made by state government.

8 (b) To remove wealth as a major factor affecting whether an  
9 individual chooses to become a candidate.

10 (c) To provide a greater diversity of candidates to participate  
11 in the electoral process.

12 (d) To permit candidates to pursue policy issues instead of being  
13 preoccupied with fundraising and allow officeholders more time  
14 to carry out their official duties.

15 (e) To diminish the danger of actual corruption or the public  
16 perception of corruption and strengthen public confidence in the  
17 governmental and election processes.

18 (f) To ensure that independent expenditures are not used to  
19 evade contribution limits.

20 91021. The people enact this chapter to further accomplish the  
21 following purposes:

22 (a) To foster more equal and meaningful participation in the  
23 political process.

24 (b) To provide candidates who participated in the program with  
25 sufficient resources with which to communicate with voters.

26 (c) To increase the accountability of the Secretary of State to  
27 the constituents who elect him or her.

28 (d) To provide voters with timely information regarding the  
29 sources of campaign contributions, expenditures, and political  
30 advertising.

31

32 Article 2. Applicability to the Political Reform Act of 1974

33

34 91023. Unless specifically superseded by this act, the  
35 definitions and provisions of the Political Reform Act of 1974  
36 shall govern the interpretation of this chapter.

Article 3. Definitions

1  
 2  
 3 91024. “Address” means the mailing address as provided on  
 4 the voter registration form.  
 5 ~~91024.5. “Adequately funded candidate” means a candidate~~  
 6 ~~who is either a qualified candidate, a performance-qualified~~  
 7 ~~candidate, a nonparticipating candidate who has received~~  
 8 ~~contributions equaling at least 10 percent of the base funding~~  
 9 ~~amounts of performance-qualified candidates for that primary or~~  
 10 ~~general election, or a nonparticipating candidate in the general~~  
 11 ~~election who was an adequately funded candidate in the primary~~  
 12 ~~election.~~  
 13 91025. For purposes of this chapter, “candidate” means, unless  
 14 otherwise stated, a candidate for Secretary of State.  
 15 91027. A “coordinated expenditure” means a payment made  
 16 for the purpose of influencing the outcome of an election for  
 17 Secretary of State that is made by any of the following methods:  
 18 (a) By a person in cooperation, consultation, or concert with,  
 19 at the request or suggestion of, or pursuant to a particular  
 20 understanding with a candidate, a candidate’s controlled committee,  
 21 or an agent acting on behalf of a candidate or a controlled  
 22 committee.  
 23 (b) By a person for the dissemination, distribution, or  
 24 republication, in whole or in part, of any broadcast or any written,  
 25 graphic, or other form of campaign material prepared by a  
 26 candidate, a candidate’s controlled committee, or an agent of a  
 27 candidate or a controlled committee.  
 28 (c) Based on specific information about the candidate’s plans,  
 29 projects, or needs provided to the person making the payment by  
 30 the candidate or the candidate’s agent who provides the information  
 31 with a view toward having the payment made.  
 32 (d) By a person if, in the same primary and general election in  
 33 which the payment is made, the person making the payment is  
 34 serving or has served as a member, employee, fundraiser, or agent  
 35 of the candidate’s controlled committee in an executive or  
 36 policymaking position.  
 37 (e) By a person if the person making the payment has served in  
 38 any formal policy or advisory position with the candidate’s  
 39 campaign or has participated in strategic or policymaking  
 40 discussions with the candidate’s campaign relating to the

1 candidate's pursuit of nomination for election, or election, to the  
2 office of Secretary of State in the same primary and general election  
3 as the primary and general election in which the payment is made.

4 (f) By a person if the person making the payment retains the  
5 professional services of an individual or person who, in a  
6 nonministerial capacity, has provided or is providing  
7 campaign-related services in the same election to a candidate who  
8 is pursuing the same nomination or election as any of the  
9 candidates to whom the communication refers.

10 91028. "Effective expenditures" for a nonparticipating  
11 candidate means the amount spent plus any independent  
12 electioneering expenditures treated as expenditures for that  
13 candidate pursuant to Section 91095.5. For a participating  
14 candidate, it means the amount of Clean Money funding the  
15 candidate has received plus any independent electioneering  
16 expenditures treated as expenditures for that candidate pursuant  
17 to Section 91095.5.

18 91029. "Entity" means any person other than an individual.

19 91031. "Excess expenditure amount" means the amount of  
20 funds spent or obligated to be spent by a nonparticipating candidate  
21 in excess of the Clean Money amount available to a participating  
22 candidate running for the same office.

23 91033. "Exploratory period" means the period beginning 18  
24 months before the primary election and ending on the last day of  
25 the qualifying period. The exploratory period begins before, but  
26 extends to the end of, the qualifying period.

27 91035. "General election campaign period" means the period  
28 beginning the day after the primary election and ending on the day  
29 of the general election.

30 91037. "Independent candidate" means a candidate who does  
31 not represent a political party that has been granted ballot status  
32 for the general election and who has qualified, or is seeking to  
33 qualify, to be on the general election ballot.

34 91039. "Independent electioneering expenditure" means any  
35 expenditure of two thousand five hundred dollars (\$2,500) or more  
36 made by a person, party committee, political committee or political  
37 action committee, or any entity required to file reports pursuant  
38 to Section 84605, during the 45 calendar days before a primary or  
39 the 60 calendar days before a general election, which expressly

1 advocates the election or defeat of a clearly identified candidate  
2 or names or depicts clearly identified candidates.

3 91043. “Nonparticipating candidate” means a candidate who  
4 is on the ballot but has chosen not to apply for Clean Money  
5 campaign funding or a candidate who is on the ballot and has  
6 applied but has not satisfied the requirements for receiving Clean  
7 Money funding.

8 91045. “Office-qualified party” means a political party whose  
9 gubernatorial or Secretary of State nominee has received 10 percent  
10 or more of the votes at the last election.

11 91046. “Office-qualified candidate” is a candidate seeking  
12 nomination from an office-qualified party.

13 91049. “Participating candidate” means a candidate who  
14 qualifies for Clean Money campaign funding. These candidates  
15 are eligible to receive Clean Money funding during primary and  
16 general election campaign periods.

17 91051. “Party candidate” means a candidate who represents a  
18 political party that has been granted ballot status and holds a  
19 primary election to choose its nominee for the general election.

20 91053. “Performance-qualified candidate” means either an  
21 office-qualified candidate or a candidate who has shown a broad  
22 base of support by gathering twice the number of qualifying  
23 contributions as is required for an office-qualified candidate.  
24 Independent candidates may qualify for funding as  
25 performance-qualified candidates.

26 91055. “Petty cash” means cash amounts of one hundred dollars  
27 (\$100) or less per day that are drawn on the Clean Money Debit  
28 Card and used to pay expenses of no more than twenty-five dollars  
29 (\$25) each.

30 91059. “Primary election campaign period” means the period  
31 beginning 120 days before the primary election and ending on the  
32 day of the primary election.

33 91061. “Qualified candidate” means a candidate seeking  
34 nomination from a party that is not an office-qualified party.

35 91063. “Qualifying contribution” means a contribution of five  
36 dollars (\$5) that is received during the designated qualifying period  
37 by a candidate seeking to become eligible for Clean Money  
38 campaign funding from a registered voter of the district in which  
39 the candidate is running for office.

1 91065. “Qualifying period” means the period during which  
2 candidates are permitted to collect qualifying contributions in order  
3 to qualify for Clean Money funding. It begins 270 days before the  
4 primary election and ends 90 days before the day of the primary  
5 election for party candidates and begins any time after January 1  
6 of the election year and lasts 180 days, but in no event ending later  
7 than 90 days, before the general election for performance-qualified  
8 candidates who are running as independent candidates.

9 91067. “Seed money contribution” means a contribution of no  
10 more than one hundred dollars (\$100) made by a California  
11 registered voter during the exploratory period.

12  
13 Article 4. Clean Money  
14

15 91071. (a) An office-qualified candidate qualifies as a  
16 participating candidate for the primary election campaign period  
17 if the following requirements are met:

18 (1) The candidate files a declaration with the commission that  
19 the candidate has complied and will comply with all of the  
20 requirements of this act, including the requirement that during the  
21 exploratory period and the qualifying period the candidate not  
22 accept or spend private contributions from any source other than  
23 seed money contributions, qualifying contributions, Clean Money  
24 funds, and political party funds as specified in Section 91123.

25 (2) The candidate meets the following qualifying contribution  
26 requirements before the close of the qualifying period:

27 (A) The office-qualified candidate shall collect at least 7,500  
28 qualifying contributions.

29 (B) Each qualifying contribution shall be acknowledged by a  
30 receipt to the contributor, with a copy submitted by the candidate  
31 to the county registrar of voters in the county where the candidate  
32 files his or her declaration of candidacy. The receipt shall include  
33 the contributor’s signature, printed name, and address, the date,  
34 and the name of the candidate on whose behalf the contribution is  
35 made. In addition, the receipt shall indicate by the contributor’s  
36 signature that the contributor understands that the purpose of the  
37 qualifying contribution is to help the candidate qualify for Clean  
38 Money campaign funding, that the contribution is the only  
39 qualifying contribution the contributor has provided to a candidate

1 for this office, and that the contribution is made without coercion  
 2 or reimbursement.

3 (C) A contribution submitted as a qualifying contribution that  
 4 does not include a signed and fully completed receipt shall not be  
 5 counted as a qualifying contribution.

6 (D) All five-dollar (\$5) qualifying contributions, whether in the  
 7 form of cash, check, or money order made out to the candidate's  
 8 campaign account, shall be deposited by the candidate in the  
 9 candidate's campaign account.

10 (E) All qualifying contributions' signed receipts shall be sent  
 11 to the county registrar of voters in the county where the candidate  
 12 files his or her declaration of candidacy and shall be accompanied  
 13 by a check or other written instrument from the candidate's  
 14 campaign account for the total amount of qualifying contribution  
 15 funds received for deposit in the Clean Money Fund. This  
 16 submission shall be accompanied by a signed statement from the  
 17 candidate indicating that all of the information on the qualifying  
 18 contribution receipts is complete and accurate to the best of the  
 19 candidate's knowledge and that the amount of the enclosed check  
 20 or other written instrument is equal to the sum of all of the  
 21 five-dollar (\$5) qualifying contributions the candidate has received.  
 22 County registrars of voters shall forward these checks or other  
 23 written instruments to the commission.

24 (b) A candidate qualifies as a participating candidate for the  
 25 general election campaign period if both of the following  
 26 requirements are met:

27 (1) The candidate met all of the applicable requirements and  
 28 filed a declaration with the commission that the candidate has  
 29 fulfilled and will fulfill all of the requirements of a participating  
 30 candidate as stated in this act.

31 (2) As a participating party candidate during the primary election  
 32 campaign period, the candidate had the highest number of votes  
 33 of the candidates contesting the primary election from the  
 34 candidate's respective party and, therefore, won the party's  
 35 nomination.

36 91073. (a) A qualified candidate shall collect at least one-half  
 37 of the number of qualifying contributions as required for an  
 38 office-qualified candidate for the same office. A qualified candidate  
 39 may show a greater base of support by collecting double the  
 40 amount of qualifying contributions as required for an

1 office-qualified candidate to become a performance-qualified  
2 candidate. The candidate shall also file a declaration with the  
3 commission that the candidate has complied and will comply with  
4 all of the requirements of this act.

5 (b) An independent candidate who does not run in a primary  
6 may become a performance-qualified candidate by collecting twice  
7 as many qualifying contributions as required of an office-qualified  
8 candidate. The qualifying period for such candidates shall begin  
9 any time after January 1 of the election year and shall last 180  
10 days, except that it shall end no later than 90 days before the  
11 general election. An independent candidate shall notify the  
12 commission within 24 hours of the day when the candidate has  
13 begun collecting qualifying contributions. The candidate shall also  
14 file a declaration with the commission that he or she has complied  
15 and will comply with all of the requirements of this chapter.

16 91075. During the first election that occurs after the effective  
17 date of this act, a candidate may be certified as a participating  
18 candidate, notwithstanding the acceptance of contributions or  
19 making of expenditures from private funds before the date of  
20 enactment that would, absent this section, disqualify the candidate  
21 as a participating candidate, provided that any private funds  
22 accepted but not expended before the effective date of this act meet  
23 any of the following criteria:

24 (a) Are returned to the contributor.

25 (b) Are held in a segregated account and used only for retiring  
26 a debt from a previous campaign.

27 (c) Are submitted to the commission for deposit in the Clean  
28 Money Fund.

29 91077. A participating candidate who accepts any benefits  
30 during the primary election campaign period shall comply with  
31 all of the requirements of this act through the general election  
32 campaign period whether the candidate continues to accept benefits  
33 or not.

34 91079. (a) During the primary and general election campaign  
35 periods, a participating candidate who has voluntarily agreed to  
36 participate in, and has become eligible for, Clean Money benefits,  
37 shall not accept private contributions from any source other than  
38 the candidate's political party as specified in Section 91123.

39 (b) During the qualifying period and the primary and general  
40 election campaign periods, a participating candidate who has

1 voluntarily agreed to participate in, and has become eligible for,  
2 Clean Money benefits shall not solicit or receive contributions for  
3 any other candidate or for any political party or other political  
4 committee.

5 (c) No person shall make a contribution in the name of another  
6 person. A participating candidate who receives a qualifying  
7 contribution or a seed money contribution that is not from the  
8 person listed on the receipt required by subparagraph (D) of  
9 paragraph (2) of subdivision (a) of Section 91071 shall be liable  
10 to pay the commission the entire amount of the inaccurately  
11 identified contribution, in addition to any penalties.

12 (d) During the primary and general election campaign periods,  
13 a participating candidate shall pay for all of the candidate's  
14 campaign expenditures, except petty cash expenditures, by means  
15 of a "Clean Money Debit Card" issued by the commission, as  
16 authorized under Section 91137.

17 (e) Participating candidates shall furnish complete campaign  
18 records to the commission upon request. Candidates shall cooperate  
19 with any audit or examination by the commission, the Franchise  
20 Tax Board, or any enforcement agency.

21 91081. (a) During the primary election period and the general  
22 election period, each participating candidate shall conduct all  
23 campaign financial activities through a single campaign account.

24 (b) Notwithstanding Section 85201, a participating candidate  
25 may maintain a campaign account other than the campaign account  
26 described in subdivision (a) if the other campaign account is for  
27 the purpose of retiring a net debt outstanding that was incurred  
28 during a previous election campaign in which the candidate was  
29 not a participating candidate.

30 (c) Contributions for the purposes of retiring a previous  
31 campaign debt that are deposited in the "other campaign account"  
32 described in subdivision (b) shall not be considered "contributions"  
33 to the candidate's current campaign. Those contributions shall  
34 only be raised during the six-month period following the date of  
35 the election.

36 91083. (a) Participating candidates shall use their Clean Money  
37 funds only for direct campaign purposes.

38 (b) A participating candidate shall not use Clean Money funds  
39 for any of the following:

1 (1) Costs of legal defense or fines resulting from any campaign  
2 law enforcement proceeding under this act.

3 (2) Indirect campaign purposes, including, but not limited to,  
4 the following:

5 (A) The candidate's personal support or compensation to the  
6 candidate or the candidate's family.

7 (B) The candidate's personal appearance.

8 (C) A contribution or loan to the campaign committee of another  
9 candidate for any elective office or to a party committee or other  
10 political committee.

11 (D) An independent electioneering expenditure.

12 (E) A gift in excess of twenty-five dollars (\$25) per person.

13 (F) Any payment or transfer for which compensating value is  
14 not received.

15 91085. (a) Personal funds contributed as seed money by a  
16 candidate seeking to become eligible as a participating candidate  
17 or by adult members of the candidate's family shall not exceed  
18 the maximum of one hundred dollars (\$100) per contributor.

19 (b) Personal funds shall not be used to meet the qualifying  
20 contribution requirement except for one five-dollar (\$5)  
21 contribution from the candidate and one five-dollar (\$5)  
22 contribution from the candidate's spouse.

23 91087. (a) The only private contributions a candidate seeking  
24 to become eligible for Clean Money funding shall accept, other  
25 than qualifying contributions and limited contributions from the  
26 candidate's political party as specified in Section 91123, are seed  
27 money contributions contributed by duly registered voters in the  
28 district in which the candidate is running for election prior to the  
29 end of the qualifying period.

30 (b) A seed money contribution shall not exceed one hundred  
31 dollars (\$100) per donor, and the aggregate amount of seed money  
32 contributions accepted by a candidate seeking to become eligible  
33 for Clean Money funding shall not exceed seventy-five thousand  
34 dollars (\$75,000).

35 (c) Receipts for seed money contributions shall include the  
36 contributor's signature, printed name, address, and ZIP Code.  
37 Receipts described in this subdivision shall be made available to  
38 the commission upon request.

39 (d) Seed money shall be spent only during the exploratory and  
40 qualifying periods. Seed money shall not be spent during the

1 primary or general election campaign periods, except when they  
2 overlap with the candidate’s qualifying period. Any unspent seed  
3 money shall be turned over to the commission for deposit in the  
4 Clean Money Fund.

5 (e) Within 72 hours after the close of the qualifying period,  
6 candidates seeking to become eligible for Clean Money funding  
7 shall do both of the following:

8 (1) Fully disclose all seed money contributions and expenditures  
9 to the commission.

10 (2) Turn over to the commission for deposit in the Clean Money  
11 Fund any seed money the candidate has raised during the  
12 exploratory period that exceeds the aggregate seed money limit.

13 91091. Participating candidates in contested races shall agree  
14 to participate in at least one public debate during a contested  
15 primary election and two public debates during a contested general  
16 election, to be conducted pursuant to regulations promulgated by  
17 the commission.

18 91093. (a) No more than five business days after a candidate  
19 applies for Clean Money benefits, the county registrar of voters  
20 in the county where the candidate files his or her declaration of  
21 candidacy shall certify that the candidate is or is not eligible.  
22 Eligibility may be revoked if the candidate violates the  
23 requirements of this act, in which case all Clean Money funds shall  
24 be repaid.

25 (b) The candidate’s request for certification shall be signed by  
26 the candidate and the candidate’s campaign treasurer under penalty  
27 of perjury.

28 (c) The certification determination of the county registrar of  
29 voters is final except that it is subject to a prompt judicial review.

30

31 Article 5. Clean Money Benefits

32

33 91095. (a) Candidates who qualify for Clean Money funding  
34 for primary and general elections shall:

35 (1) Receive Clean Money funding from the commission for  
36 each election in an amount specified by Section 91099. This  
37 funding may be used to finance campaign expenses during the  
38 particular campaign period for which it was allocated consistent  
39 with Section 91081. ~~In any election in which there are initially no~~  
40 ~~adequately funded competing candidates, the participating~~

1 ~~performance-qualified candidate shall receive 20 percent of the~~  
2 ~~base funding amount specified in Section 91099. If a competing~~  
3 ~~candidate in the same election later becomes an adequately funded~~  
4 ~~candidate, the performance-qualified candidate shall receive~~  
5 ~~additional Clean Money funds sufficient to bring his or her total~~  
6 ~~Clean Money funds received to the normal base amount of Clean~~  
7 ~~Money funding allocated pursuant to Section 91099.~~

8 (2) Receive, if a performance-qualified candidate, additional  
9 Clean Money funding to match any excess expenditure by a  
10 nonparticipating candidate in the election, as specified in Section  
11 91107, provided that the nonparticipating candidate's aggregate  
12 effective expenditures exceed the previous highest aggregate  
13 effective expenditures of any candidate in the race. The excess is  
14 defined as the amount the new expenditure causes the  
15 nonparticipating candidate's aggregate effective expenditures to  
16 exceed the previous highest effective expenditures of any candidate  
17 in the election. 91107.

18 (3) Receive, if a performance-qualified candidate, additional  
19 Clean Money funding to match any excess independent  
20 electioneering expenditure made in support of opponents'  
21 candidacies in their race, as specified in Section 91109, provided  
22 that the expenditure makes the aggregate effective expenditures  
23 of any opposing candidate who benefits from the independent  
24 electioneering expenditure exceed the previous highest aggregate  
25 effective expenditures of any candidate in the race. The excess is  
26 defined as the amount the independent electioneering expenditure  
27 causes the opposing candidate's aggregate effective expenditures  
28 to exceed the previous highest effective expenditures of any  
29 candidate in the election.

30 (4) ~~Receive, if a performance-qualified candidate, additional~~  
31 ~~Clean Money funding to match any excess independent~~  
32 ~~electioneering expenditure made in opposition to their candidacy,~~  
33 ~~as specified in Section 91109, provided that the expenditure makes~~  
34 ~~the new aggregate effective expenditures of any candidate running~~  
35 ~~for that office exceed the highest aggregate effective expenditures~~  
36 ~~of any candidate running for that office. The excess is defined as~~  
37 ~~the amount the independent electioneering expenditure causes the~~  
38 ~~opposing candidate's aggregate effective expenditures to exceed~~  
39 ~~the previous highest effective expenditures of any candidate~~  
40 ~~running for that office.~~

1     ~~(5) Receive, if a performance-qualified candidate running in a~~  
2     ~~primary election, additional Clean Money funding to match 50~~  
3     ~~percent of any excess effective expenditures by either~~  
4     ~~nonparticipating or participating candidates running for the same~~  
5     ~~office outside of their party's primary, as disclosed pursuant to~~  
6     ~~Section 91107, provided that the new aggregate effective~~  
7     ~~expenditures exceeds the highest aggregate effective expenditures~~  
8     ~~of any candidate running for that office. The excess is defined as~~  
9     ~~the amount the new effective expenditure causes the~~  
10    ~~nonparticipating candidate's aggregate effective expenditures to~~  
11    ~~exceed the previous highest effective expenditures of any candidate~~  
12    ~~running for that office. If no party has more than one adequately~~  
13    ~~funded candidate running for their primary, then the candidate~~  
14    ~~shall receive 100 percent of any excess effective expenditures~~  
15    ~~spent by either nonparticipating or participating candidates running~~  
16    ~~for the same office outside of their party's primary. 91111,~~  
17    ~~provided that the dollar value of the independent electioneering~~  
18    ~~expenditure, combined with the amount raised or received thus~~  
19    ~~far by an opposing candidate that benefits from the independent~~  
20    ~~electioneering expenditure, exceeds the Clean Money funding~~  
21    ~~amount received by the participating candidate.~~

22    (b) The maximum aggregate amount of funding a participating  
23    performance-qualified candidate shall receive to match independent  
24    electioneering expenditures and excess expenditures of  
25    nonparticipating candidates shall not exceed four times the full  
26    base funding amount pursuant to Section 91099 for a particular  
27    primary or general election campaign period.

28    91095.5. (a) Independent electioneering expenditures against  
29    a participating candidate shall be treated as expenditures of every  
30    other candidate running for that office for the purposes of Section  
31    91095.

32    (b) Independent electioneering expenditures in favor of one or  
33    more nonparticipating candidates running for an office shall be  
34    treated as expenditures of those nonparticipating candidates for  
35    the purpose of Section 91095.

36    (c) Independent electioneering expenditures in favor of a  
37    participating candidate shall be treated, for every other participating  
38    candidate running for that office, as though the independent  
39    expenditures were an expenditure of a nonparticipating opponent,  
40    for purposes of Section 91095.

1 (d) Expenditures by a nonparticipating candidate in a primary  
2 election against a participating candidate running for that office  
3 in another party's primary shall be treated as an independent  
4 electioneering expenditure against that participating candidate.

5 (e) The commission shall promulgate regulations allocating the  
6 share of expenditures that reference or depict more than one  
7 candidate for the purposes of Section 91095.

8 (f) Expenditures made before the general election period that  
9 consist of a contract, promise, or agreement to make an expenditure  
10 during the general election period resulting in an extension of  
11 credit shall be treated as though made at the beginning of the  
12 general election period.

13 91097. (a) An eligible qualified or performance-qualified  
14 candidate running in a primary election shall receive the candidate's  
15 Clean Money funding for the primary election campaign period  
16 on the date on which the county registrar of voters certifies the  
17 candidate as a participating candidate or at the beginning of the  
18 primary election period, whichever is later.

19 (b) An eligible qualified or performance-qualified candidate  
20 shall receive the candidate's Clean Money funding for the general  
21 election campaign period within two business days after  
22 certification of the primary election results.

23 91099. (a) For eligible candidates in a primary election:

24 (1) ~~The base amount of Clean Money funding for an eligible~~  
25 ~~performance-qualified candidate who is facing at least one~~  
26 ~~adequately funded opponent in a primary, special, or special runoff~~  
27 ~~election is one million dollars (\$1,000,000).~~ *office-qualified*  
28 *candidate in a primary election is nine hundred thousand dollars*  
29 *(\$900,000).*

30 (2) The amount of Clean Money funding for an eligible qualified  
31 candidate in a primary election is 20 percent of the base amount  
32 ~~that a performance-qualified candidate who is facing at least one~~  
33 ~~adequately funded opponent~~ *an office-qualified candidate* would  
34 receive.

35 (b) For eligible candidates in a general election:

36 (1) ~~The base amount of Clean Money funding for a~~  
37 ~~performance-qualified candidate who is facing at least one~~  
38 ~~adequately funded opponent in a general election is one million~~  
39 ~~five hundred thousand dollars (\$1,500,000).~~ *in a general, special,*

1 *or special runoff election is one million three hundred thousand*  
 2 *dollars (\$1,300,000).*

3 (2) The amount of Clean Money funding for an eligible qualified  
 4 candidate in a contested general election is 25 percent of the base  
 5 amount a performance-qualified candidate ~~who is facing at least~~  
 6 ~~one adequately funded candidate running for the same office could~~  
 7 *would receive.*

8  
 9 Article 6. Disclosure Requirements

10  
 11 91107. (a) If a nonparticipating candidate’s total expenditures  
 12 or promises to make campaign expenditures exceed the amount  
 13 of Clean Money funding allocated to the candidate’s Clean Money  
 14 opponent or opponents, the candidate shall declare every excess  
 15 expenditure amount which, in the aggregate, is more than five  
 16 thousand dollars (\$5,000) to the commission online or  
 17 electronically within 24 hours of the time the expenditure or  
 18 promise is made, whichever occurs first.

19 (b) The commission may make its own determination as to  
 20 whether excess expenditures have been made by nonparticipating  
 21 candidates.

22 (c) Upon receiving an excess expenditure declaration or  
 23 determining that an excess expenditure has been made, the  
 24 commission shall immediately release additional Clean Money  
 25 funding to the opposing performance-qualified candidates pursuant  
 26 to Section 91095.

27 91111. (a) In addition to any other report required by this  
 28 chapter, a committee, including a political party committee, that  
 29 is required to file reports pursuant to Section 84605 and that makes  
 30 independent electioneering expenditures of ~~one thousand dollars~~  
 31 ~~(\$1,000)~~ *two thousand five hundred dollars (\$2,500)* or more  
 32 during a calendar year in connection with a candidate *for Secretary*  
 33 *of State*, shall file online or electronically a report with the  
 34 Secretary of State disclosing the making of the independent  
 35 electioneering expenditure. This report shall disclose the same  
 36 information required by subdivision (b) of Section 84204 and shall  
 37 be filed within 24 hours of the time the independent electioneering  
 38 expenditure is made.

39 (b) The report to the Secretary of State shall include a signed  
 40 statement under penalty of perjury by the person or persons making

1 the independent electioneering expenditure identifying the  
2 candidate or candidates whom the independent electioneering  
3 expenditure is intended to help elect or defeat and affirming that  
4 the expenditure is independent and whether it is coordinated with  
5 a candidate or a political party.

6 (c) Any individual or organization that fails to file the required  
7 report to the Secretary of State or provides materially false  
8 information in a report filed pursuant to subdivision (a) or (b) may  
9 be fined up to three times the amount of the independent  
10 electioneering expenditure, in addition to any other remedies  
11 provided by this act.

12 (d) The Secretary of State shall provide information received  
13 pursuant to subdivision (a) to the commission simultaneously upon  
14 receipt. Upon receiving a report that an independent electioneering  
15 expenditure has been made or obligated to be made, the  
16 commission shall immediately release additional Clean Money  
17 funding pursuant to Section 91095.

18 91112. If an inadequately funded candidate receives a  
19 contribution which makes him or her an adequately funded  
20 candidate, within 24 hours he or she shall electronically disclose  
21 to the commission the cumulative amount of contributions received.  
22 Within 24 hours of receipt of this disclosure, the commission shall  
23 deposit into the Clean Money accounts of the participating  
24 candidates in that election an amount sufficient to bring the total  
25 Clean Money funds received by each candidate up to the base  
26 amounts specified in Section 91099.

27 91113. All broadcast and print advertisements placed by  
28 candidates or their committees shall include a clear written or  
29 spoken statement indicating that the candidate has approved of the  
30 contents of the advertisement.

31

32 Article 7. Legal Defense, Officeholder, and Inaugural Funds

33

34 91115. (a) Notwithstanding Section 85316, a Secretary of  
35 State or candidate for the office of Secretary of State may establish  
36 a separate account to defray attorney's fees and other related legal  
37 costs incurred for the candidate's or elected state officer's legal  
38 defense if the candidate or elected state officer is subject to one  
39 or more civil or criminal proceedings or administrative proceedings  
40 arising directly out of the conduct of an election campaign, the

1 electoral process, or the performance of the elected state officer's  
2 governmental activities and duties. These funds may be used only  
3 to defray those attorney's fees and other related legal costs.

4 (b) A Secretary of State may establish a separate account for  
5 expenses associated with holding office that are reasonably related  
6 to a legislative or governmental purpose as specified in this  
7 subdivision and in regulations of the commission. The total amount  
8 of funds that may be deposited in a calendar year into an account  
9 established pursuant to this subdivision shall not exceed fifty  
10 thousand dollars (\$50,000).

11 (c) A Secretary of State may establish an inaugural account to  
12 cover the cost of events, celebrations, gatherings, and  
13 communications that take place as part of, or in honor of, the  
14 inauguration of the Secretary of State.

15 (d) The maximum amount of contributions a candidate or elected  
16 state officer whose office is covered by these provisions may  
17 receive from a contributor in a calendar year for all of the accounts  
18 described in subdivisions (a), (b), and (c) combined is five hundred  
19 dollars (\$500). All contributions, whether cash or in kind, shall be  
20 reported in a manner prescribed by the commission. Contributions  
21 to such funds shall not be considered campaign contributions.

22 (e) Once the legal dispute is resolved, the candidate shall dispose  
23 of any funds remaining after all expenses associated with the  
24 dispute are discharged or after the elected state officer whose office  
25 is covered by these provisions leaves office, for one or more of  
26 the purposes set forth in paragraphs (1) to (5), inclusive, of  
27 subdivision (b) of Section 89519.

28

29

#### Article 8. Restrictions on Candidates

30

31 91121. A nonparticipating candidate may accept an otherwise  
32 lawful contribution after the date of the election only to the extent  
33 that the contribution does not exceed net debts outstanding from  
34 the election.

35 91123. Participating candidates may accept monetary or in-kind  
36 contributions from political parties provided that the aggregate  
37 amount of such contributions from all political party committees  
38 combined does not exceed the equivalent of 5 percent of the  
39 original Clean Money financing allotment for that office for that

1 election. Such expenditures shall not count against the moneys  
2 spent by Clean Money candidates.

3  
4 Article 9. Ballot Pamphlet Statements  
5

6 91127. The Secretary of State shall designate in the state ballot  
7 pamphlet and on any Internet Web site listing of candidates  
8 maintained by any government agency including, but not limited,  
9 to the Secretary of State those candidates who have voluntarily  
10 agreed to be participating candidates.

11 91131. (a) A candidate for Secretary of State who is a  
12 participating candidate may place a statement in the state ballot  
13 pamphlet that does not exceed 250 words. The statement shall not  
14 make any reference to any opponent of the candidate. The candidate  
15 may also provide a list of up to 10 endorsers for placement in the  
16 state ballot pamphlet or sample ballot, as appropriate. This  
17 statement and list of endorsers shall be submitted in accordance  
18 with timeframes and procedures set forth by the Secretary of State  
19 for the preparation of the state ballot pamphlets and by county  
20 elections officials for the preparation of sample ballots.

21 (b) A nonparticipating candidate for Secretary of State may pay  
22 to place a statement in the state ballot pamphlet that does not  
23 exceed 250 words. A nonparticipating candidate may also pay to  
24 place a list of up to 10 endorsers in the state ballot pamphlet or  
25 sample ballot, as appropriate. The statement shall not make any  
26 reference to any opponent of the candidate. This statement and list  
27 of endorsers shall be submitted in accordance with timeframes and  
28 procedures set forth by the Secretary of State for the preparation  
29 of the state ballot pamphlets and by county elections officials for  
30 the preparation of sample ballots. The nonparticipating candidate  
31 shall be charged the pro rata cost of printing, handling, translating,  
32 and mailing any ballot pamphlet statement and list of endorsers  
33 provided pursuant to this subdivision.  
34

35 Article 10. Appropriations for the Clean Money Fund  
36

37 91133. (a) A special, dedicated, nonlapsing Clean Money Fund  
38 is created in the State Treasury. Commencing January 1, 2011, the  
39 funds collected pursuant to Section ~~91134~~ are, notwithstanding  
40 ~~Section 13340~~, continuously appropriated 20600 of the Elections

1 *Code shall, when appropriated by the Legislature, be available*  
2 *from the Clean Money Fund to the commission for expenditure*  
3 *for the purpose of providing public financing for the election*  
4 *campaigns of certified participating candidates during primary and*  
5 *general campaign periods.*

6 (b) Funding for the administrative and enforcement costs of the  
7 commission related to this act shall be ~~subject to appropriation by~~  
8 ~~the Legislature from the Clean Money Fund and shall be, for each~~  
9 *four-year election cycle, no more than 10 percent of the total*  
10 *amount deposited in the Clean Money Fund during the four-year*  
11 *election cycle.*

12 ~~91134. (a) Notwithstanding Section 86102, and except as~~  
13 ~~described in subdivision (b), a nonrefundable fee of two hundred~~  
14 ~~dollars (\$200) per year shall be imposed on each lobbyist and~~  
15 ~~lobbying firm required to file a registration statement under Section~~  
16 ~~86100. Of the amount collected pursuant to this subdivision, an~~  
17 ~~amount not to exceed twenty-five dollars (\$25) shall be charged~~  
18 ~~for the purposes described in Section 86102. The remaining amount~~  
19 ~~collected shall be deposited in the Clean Money Fund established~~  
20 ~~pursuant to Section 91133.~~

21 ~~(b) Subdivision (a) shall not apply to a tax-exempt organization~~  
22 ~~under Section 501(c)(3) of Title 26 of the United States Code and~~  
23 ~~that organization, if required to file a registration statement under~~  
24 ~~Section 86100, shall pay a nonrefundable fee of twenty-five dollars~~  
25 ~~(\$25) per year for the purposes described in Section 86102.~~

26 91135. Other sources of revenue to be deposited in the Clean  
27 Money Fund shall include all of the following:

28 (a) The qualifying contributions required of candidates seeking  
29 to become certified as participating candidates and candidates'  
30 excess qualifying contributions.

31 (b) The excess seed money contributions of candidates seeking  
32 to become certified as participating candidates.

33 (c) Unspent funds distributed to any participating candidate who  
34 does not remain a candidate until the primary or general election  
35 for which they were distributed, or funds that remain unspent by  
36 a participating candidate following the date of the primary or  
37 general election for which they were distributed.

38 (d) Voluntary donations made directly to the Clean Money Fund.

39 (e) Other funds appropriated by the Legislature.

40 (f) Any interest generated by the Clean Money Fund.

1 (g) Any other sources of revenue from the General Fund or from  
2 other sources as determined by the Legislature.

3  
4 Article 11. Administration  
5

6 91137. (a) Upon a determination that a candidate has met all  
7 the requirements for becoming a participating candidate as provided  
8 for in this act, the commission shall issue to the candidate a card,  
9 known as the “Clean Money Debit Card,” and a “line of debit”  
10 entitling the candidates and members of the candidate’s staff to  
11 draw Clean Money funds from a commission account to pay for  
12 all campaign costs and expenses up to the amount of Clean Money  
13 funding the candidate has received.

14 (b) Neither a participating candidate nor any other person on  
15 behalf of a participating candidate shall pay campaign costs by  
16 cash, check, money order, loan, or by any other financial means  
17 other than the Clean Money Debit Card.

18 (c) Cash amounts of one hundred dollars (\$100) or less per day  
19 may be drawn on the Clean Money Debit Card and used to pay  
20 expenses of no more than twenty-five dollars (\$25) each. Records  
21 of all such expenditures shall be maintained and, upon request,  
22 made available to the commission.

23 91139. If the commission determines that there are insufficient  
24 funds in the program to fund adequately all candidates eligible for  
25 Clean Money funds, the commission shall reduce the grants  
26 proportionately to all eligible candidates. If the commission notifies  
27 a candidate that the Clean Money funds will be reduced and the  
28 candidate has not received any Clean Money funds, the candidate  
29 may decide to be a nonparticipating candidate. If a candidate has  
30 already received Clean Money funds or wishes to start receiving  
31 such funds, a candidate who wishes to collect contributions may  
32 do so in amounts up to the contribution limits provided for  
33 nonparticipating candidates but shall not collect more than the  
34 total of Clean Money funds that the candidate was entitled to  
35 receive had there been sufficient funds in the program less the  
36 amount of Clean Money funds that will be or have been provided.  
37 If, at a later point, the commission determines that adequate funds  
38 have become available, candidates, who have not raised private  
39 funds, shall receive the funds owed to them.

1     91140. *The Commission shall adjust the seed money limitations*  
2 *in subdivision (a) of Section 91085 and in subdivision (b) of Section*  
3 *91087 and the Clean Money Fund funding amounts in Section*  
4 *91099 in January after the election of the Secretary of State to*  
5 *reflect any increase or decrease in the Consumer Price Index and*  
6 *the increase or decrease in the number of registered voters in*  
7 *California. The adjustments made pursuant to this section shall*  
8 *be rounded to the nearest ten dollars (\$10) for the seed money*  
9 *limitations and one thousand dollars (\$1,000) for the Clean Money*  
10 *funding amounts.*

11

## 12                     Article 12. Enforcement

13

14     91141. (a) If a participating candidate spends or obligates to  
15 spend more than the Clean Money funding the candidate is given,  
16 and if it is determined by the commission, subject to court review,  
17 not to be an amount that had or could have been expected to have  
18 a significant impact on the outcome of the election, then the  
19 candidate shall repay to the Clean Money Fund an amount equal  
20 to the excess.

21     (b) If a participating candidate spends or obligates to spend  
22 more than the Clean Money funding the candidate is given, and if  
23 that excess amount is determined by the commission, subject to  
24 court review, to be an amount that had or could have been expected  
25 to have a significant impact on the outcome of the election, then  
26 the candidate shall repay to the Clean Money Fund an amount up  
27 to 10 times the value of the excess.

28     91143. It is unlawful for candidates to knowingly accept more  
29 benefits than those to which they are entitled, spend more than the  
30 amount of Clean Money funding they have received, or misuse  
31 such benefits or Clean Money funding.

32     91145. Any person who knowingly or willfully violates any  
33 provision of this chapter is guilty of a misdemeanor. Any person  
34 who knowingly or willfully causes any other person to violate any  
35 provision of this chapter, or who aids and abets any other person  
36 in the violation of any provision of this chapter shall be liable  
37 under this section.

38     91147. Prosecution for a violation of any provision of this  
39 chapter shall be commenced within four years after the date on  
40 which the violation occurred.

1 91149. No person convicted of a misdemeanor under this  
2 chapter shall act as a lobbyist or state contractor, or run for elective  
3 state office, for a period of five years following the date of  
4 conviction unless the court at the time of sentencing specifically  
5 determines that this provision shall not be applicable.

6 91157. This chapter shall remain in effect only until January  
7 1, ~~2015~~ 2019, and as of that date is repealed, unless a later enacted  
8 statute, that is enacted before January 1, ~~2015~~ 2019, deletes or  
9 extends that date.

10 ~~SEC. 3.~~

11 *SEC. 4.* Article 8.6 (commencing with Section 18798) is added  
12 to Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation  
13 Code, to read:

14  
15 Article 8.6. Voters Clean and Fair Elections Fund

16  
17 18798. (a) An individual may designate on the tax return that  
18 a contribution in excess of the tax liability, if any, be made to the  
19 Voters Clean and Fair Elections Fund, pursuant to Section 18798.1.

20 (b) Contributions shall be in full dollar amounts and may be  
21 made individually by each signatory on a joint return.

22 (c) A designation under subdivision (a) shall be made for any  
23 taxable year on the individual return for that taxable year and, once  
24 made, shall be irrevocable. In the event that payments and credits  
25 reported on the return, together with any other credits associated  
26 with the individual's account, do not exceed the individual's  
27 liability, the return shall be treated as if no designation were made.

28 (d) The Franchise Tax Board shall revise the forms of the return  
29 to include a space labeled "Voters Clean and Fair Elections Fund"  
30 to allow for the designation permitted under subdivision (a). The  
31 forms shall also include instructions that the contribution may be  
32 in the amount of one dollar (\$1) or more and that the contribution  
33 will be used to provide public funding for the campaigns of  
34 qualified candidates for Secretary of State who agree to take no  
35 private moneys for their campaigns.

36 (e) Notwithstanding any other provision of law, a voluntary  
37 contribution designation for the Voters Clean and Fair Elections  
38 Fund shall not be added to the tax return until another voluntary  
39 contribution is removed.

1 (f) A deduction shall be allowed under Article 6 (commencing  
2 with Section 17201) of Chapter 3 of Part 10 for any contribution  
3 made pursuant to subdivision (a).

4 18798.1. There is hereby established in the State Treasury the  
5 Voters Clean and Fair Elections Fund to receive contributions  
6 made pursuant to Section 18798. The Franchise Tax Board shall  
7 notify the Controller of both the amount of moneys paid by  
8 taxpayers in excess of their tax liability and the amount of refund  
9 moneys which taxpayers have designated pursuant to Section  
10 18798 to be transferred to the Voters Clean and Fair Elections  
11 Fund. The Controller shall transfer from the Personal Income Tax  
12 Fund to the Voters Clean and Fair Elections Fund an amount not  
13 in excess of the sum of the amounts designated by individuals  
14 pursuant to Section 18798 for payment into that fund.

15 18798.2. All moneys transferred to the Voters Clean and Fair  
16 Elections Fund, upon appropriation by the Legislature, shall be  
17 allocated as follows:

18 (a) To the Franchise Tax Board and the Controller for  
19 reimbursement of all costs incurred by the Franchise Tax Board  
20 and the Controller in connection with their duties under this article.

21 (b) To the Clean Money Fund established pursuant to Section  
22 91133 of the Government Code.

23 18798.3. (a) Except as otherwise provided in subdivision (b),  
24 this article shall remain in effect only until January 1 of the fifth  
25 taxable year following the first appearance of the Voters Clean  
26 and Fair Elections Fund on the personal income tax return, and as  
27 of that date is repealed, unless a later enacted statute that is enacted  
28 before the applicable date deletes or extends that date.

29 (b) (1) By September 1 of the second calendar year, and by  
30 September 1 of each subsequent calendar year that the Voters  
31 Clean and Fair Elections Fund appears on a tax return, the  
32 Franchise Tax Board shall do all of the following:

33 (A) Determine the minimum contribution amount required to  
34 be received during the next calendar year for the fund to appear  
35 on the tax return for the taxable year that includes that next calendar  
36 year.

37 (B) Provide written notification to the Fair Political Practices  
38 Commission of the amount determined in subparagraph (A).

39 (C) Determine whether the amount of contributions estimated  
40 to be received during the calendar year will equal or exceed the

1 minimum contribution amount determined by the Franchise Tax  
2 Board for the calendar year pursuant to subparagraph (A). The  
3 Franchise Tax Board shall estimate the amount of contributions  
4 to be received by using the actual amounts received and an estimate  
5 of the contributions that will be received by the end of that calendar  
6 year.

7 (2) If the Franchise Tax Board determines that the amount of  
8 contributions estimated to be received during a calendar year will  
9 not at least equal the minimum contribution amount for the calendar  
10 year, this article is repealed with respect to taxable years beginning  
11 on or after January 1 of that calendar year.

12 (3) For purposes of this section, the minimum contribution  
13 amount for a calendar year means two hundred fifty thousand  
14 dollars (\$250,000) for the second calendar year after the first  
15 appearance of the Voters Clean and Fair Elections Fund on the  
16 personal income tax return or the adjusted minimum contribution  
17 amount adjusted pursuant to subdivision (c).

18 (c) For each calendar year, beginning with the third calendar  
19 year after the first appearance of the Voters Clean and Fair  
20 Elections Fund on the personal income tax return, the Franchise  
21 Tax Board shall adjust, on or before September 1, the minimum  
22 contribution amount specified in subdivision (b) as follows:

23 (1) The minimum estimated contribution amount for the calendar  
24 year shall be an amount equal to the product of the minimum  
25 estimated contribution amount for the calendar year multiplied by  
26 the inflation factor adjustment as specified in subparagraph (A) of  
27 paragraph (2) of subdivision (h) of Section 17041, rounded off to  
28 the nearest dollar.

29 (2) The inflation factor adjustment used for the calendar year  
30 shall be based on the figures for the percentage change in the  
31 California Consumer Price Index received on or before August 1  
32 of the calendar year pursuant to paragraph (1) of subdivision (h)  
33 of Section 17041.

34 (d) Notwithstanding the repeal of this article, any contribution  
35 amounts designated pursuant to this article prior to its repeal shall  
36 continue to be transferred and disbursed in accordance with this  
37 article as in effect immediately prior to that repeal.

38 ~~SEC. 4.~~

39 *SEC. 5.* The provisions of Section 81012 of the Government  
40 Code, which allow legislative amendments to the Political Reform

1 Act of 1974, shall apply to all of the provisions of this act that are  
2 placed on the June 8, 2010, ballot, *except that Section 91157 of*  
3 *the Government Code, and Article 8.6 (commencing with Section*  
4 *18798) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and*  
5 *Taxation Code, may be amended or repealed by a statute passed*  
6 *in each house of the Legislature, a majority of the membership*  
7 *concurring, and signed by the Governor.*

8 ~~SEC. 5.~~

9 *SEC. 6.* The Secretary of State shall, pursuant to subdivision  
10 (b) of Section 81012 of the Government Code, submit Sections 1,  
11 2, 3, 4, ~~and 6~~ 5, *and 7* of this act for approval by the voters at the  
12 June 8, 2010, statewide primary election, notwithstanding Section  
13 9040 of the Elections Code.

14 ~~SEC. 6.~~

15 *SEC. 7.* The section of this act that adds Chapter 12  
16 (commencing with Section 91015) to Title 9 of the Government  
17 Code shall be deemed to amend the Political Reform Act of 1974  
18 as amended and all of the provisions of the Political Reform Act  
19 of 1974 as amended that do not conflict with Chapter 12 shall  
20 apply to the provisions of that chapter.

21 ~~SEC. 7.~~

22 *SEC. 8.* The provisions of this act are severable. If any  
23 provision of this act or its application is held invalid, that invalidity  
24 shall not affect other provisions or applications that can be given  
25 effect without the invalid provision or application.